



# Benefits from CAFTA-DR

## New York

U.S. DEPARTMENT OF COMMERCE  
INTERNATIONAL TRADE ADMINISTRATION  
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New York's export shipments of merchandise—manufactures and non-manufactures—to the CAFTA-DR region (Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua) in 2004 totaled \$520 million, the seventh-largest total among the 50 states.

From 2000 to 2004, New York's exports to the CAFTA-DR group increased by \$150 million, the seventh-largest dollar increase among the states. This figure represents a five-year gain of 40 percent, far higher than the 16 percent increase in total U.S. exports to the CAFTA-DR region during that period.

The CAFTA-DR region, if considered as a whole, was New York's 18th-largest export destination in 2004, just ahead of Australia and Singapore. Individually, several CAFTA-DR markets are multi-million-dollar trading partners for New York. In 2004, the Dominican Republic alone received merchandise exports from New York totaling \$322 million and was the state's 25th-largest market.

The state's exports to the CAFTA-DR countries are dominated by manufactured goods, which in 2004 comprised 90 percent of its total merchandise exports to the region. The state's top manufactured export category is miscellaneous manufactured commodities (including

jewelry, silverware, novelties, sporting goods, games, toys, office supplies, signs, and art supplies). In 2004, New York exported nearly \$180 million worth of these products to the CAFTA-DR countries, accounting for 34 percent of the state's total merchandise exports to the region.

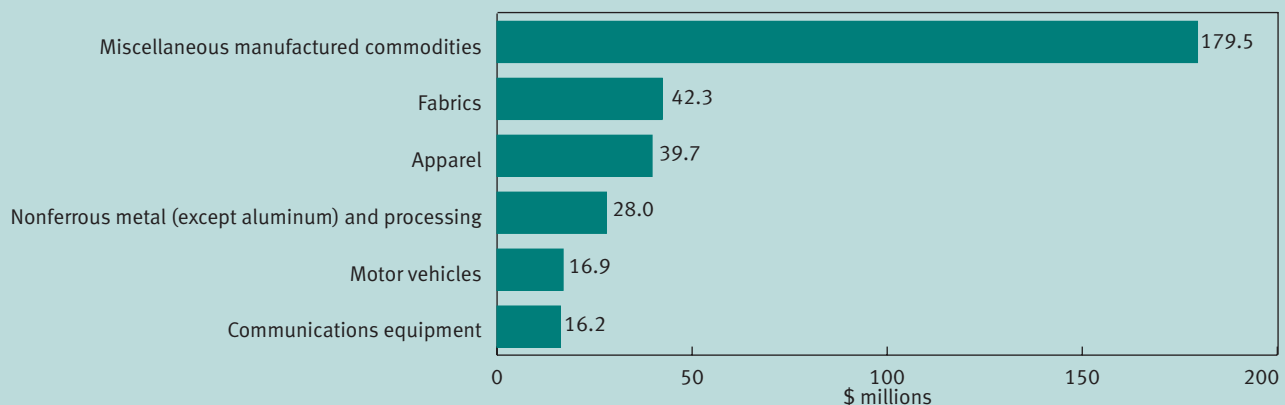
New York's other leading manufactured exports to the CAFTA-DR region in 2004 were fabrics (\$42 million), apparel (\$40 million), processed non-ferrous metals (except aluminum) (\$28 million), and motor vehicles (\$17 million), and communications equipment (\$16 million).

### CAFTA-DR Provides Enhanced Market Access to the Dominican Republic and Central America

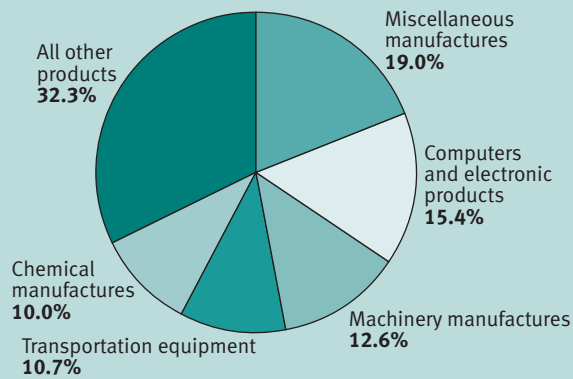
CAFTA-DR will boost opportunities for New York's exporters throughout the region, providing new market access for the state's products. More than 80 percent of U.S. exports of consumer and industrial products to Central America and the Dominican Republic will be duty-free immediately upon entry into force of the agreement, with remaining tariffs phased out over 10 years. Key U.S. exports, such as information technology products, agricultural and construction equipment,

#### New York Exported \$466.3 Million Worth of Manufactured Goods to the CAFTA-DR Region in 2004

*Miscellaneous Manufactured Commodities Dominate Exports*



## New York Exports a Wide Range of Goods to the World: \$44.4 Billion in 2004



Source: U.S. Department of Commerce.

paper products, chemicals, and medical and scientific equipment, will gain immediate duty-free access to Central America and the Dominican Republic.

## CAFTA-DR Moves the Trading Relationship from One-way Preferences to Reciprocity

For 20 years, most Central American and Dominican Republic exports to the United States benefited from duty-free treatment, primarily as a result of the Caribbean Basin Initiative (CBI). Currently about 80 percent of the region's exports enter the United States duty-free, while U.S. goods exported to the CAFTA-DR countries face significant tariffs.

## CAFTA-DR Opens Markets for Key New York Exports

**Miscellaneous manufactures.** The state's top manufactured export category to the CAFTA-DR group is miscellaneous manufactured commodities. CAFTA-DR will phase out Central American and Dominican tariffs on such consumer goods, which average 8.2 to 16.2 percent.

**Computers and electronic products.** The CAFTA-DR agreement improves market access for information technology goods and service providers. All exports of products covered by the Information Technology Agreement, including important New York exports such as computer equipment and communications equipment, will receive duty-free treatment immediately upon implementation of the CAFTA-DR agreement.

**Transportation equipment.** CAFTA-DR will eliminate the 11 percent average tariff that Central American nations and the Dominican Republic impose on autos and parts. Of particular note, CAFTA-DR will eliminate El Salvador's 30 percent auto import tariff.

**Textiles and apparel.** CAFTA-DR provides regional garment-makers—and their U.S. suppliers of fabric and yarn—a critical advantage in competing with Asia. Garments made in the region will be duty-free under the agreement if they use U.S. fabric and yarn, thereby supporting U.S. exports and jobs. Textile and garment factories in Central America and the Dominican Republic purchase large amounts of fabric and yarn from the United States: the region is the second-largest world market for these U.S. products.

The Central American–Dominican Republic Free Trade Agreement (CAFTA-DR) group consists of Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, and Nicaragua.

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to states based on transportation origin—i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about “export production” in a state should not be made solely on the basis of the OM state export figures.

Source: Bureau of the Census, U.S. Department of Commerce, Origin of Movement series.

Prepared by the International Trade Administration, U.S. Department of Commerce.